



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0398	<b>Title:</b>	Revise work comp and unemployment law
<b>Primary Sponsor:</b>	Zinke, Ryan	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** There is no fiscal impact to the State of Montana.

### **Technical Notes:**

1. This legislation could result in a reduced weekly benefit amount and/or reduced claim duration should the employee file an unemployment insurance claim, because less wages would be reported to the unemployment insurance division than under current law.
2. The Internal Revenue Service (IRS) regulations state that all tips reported by the employee to the employer are wages.
3. Employers will have to maintain additional documentation to report the different wage amounts to the state and to the IRS.
4. Employers will pay full federal payroll tax (6.2%) on the tip amounts that are in excess of the amount that equals the minimum wage rate times the hours worked.
5. The tip amounts that are considered wages will be taxed at the federal payroll tax rate of 0.08% and qualify for the 5.4% reduction.

*Sponsor's Initials*

*Date*

*Budget Director's Initials*

*Date*